



# CARING FOR ANIMALS ALL ALONG OUR VALUE CHAIN

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Lactalis Group Animal Welfare 2021 Progress Report

At Lactalis, contributing to animal welfare is not only our responsibility, but a cornerstone for the sustainability of our company's activities. As the world's leading dairy group and the third largest global milk collector, we pay special attention to all the animals in our supply chain, in particular to the approximately 5 million dairy animals (cows, buffalos, sheep and goats) who produce the milk we process daily.

In this context, at the beginning of 2022, we published the first version of the **Lactalis Group Animal Welfare Policy**. This first version includes 4 sections (our vision, our guiding principles, our approach & ambitions and our governance) and covers 3 main animal-based products we process or use: raw milk from cows, dairy ingredients from cows (such as milk powder), as well as shell eggs<sup>1</sup> and egg products<sup>2</sup> from laying hens. We aim to gradually extend this policy to all the animals in our supply chain worldwide, regardless of the related finished product.

The objective of this 2021 Progress Report is to give a first picture of Lactalis' performances on animal welfare, especially with regards to the commitments described in the policy. However, as this report is based on data collected during year 2021, that is to say before the publication of the policy, it does not cover all animal-based products and commitments of the policy. In a forthcoming report to be published in 2023, the consolidation of data collected during 2022 will show a more updated state of play.

## 01

### Scope and methodological approach

# 01. SCOPE AND METHODOLOGICAL APPROACH

This first progress report covers two main animal-based products Lactalis processes or uses: raw milk from cows and shell eggs and egg products from laying hens. Scopes and methodological approaches are different between these two animal-based products.

## Raw milk (dairy cows and calves)

The scope of the reporting on raw milk from cows includes the direct<sup>3</sup> volumes of raw milk collected by Lactalis in 8 Pilot countries: Australia, Belgium, Brazil (Lactalis Do Brazil branch), France, Italy, Spain, the United Kingdom and the United States of America (Lactalis American Group and Stonyfield branches). These direct volumes represent 44% of the total annual volume of raw milk collected by Lactalis (around 9.7 billion litres, 19,900 partnering farms, 1.3 million dairy cows and 0.9 million dairy calves – cf. Appendix 1 for details)<sup>4</sup>.

The reporting on raw milk from cows is based on data collected on representative samples of Lactalis' direct<sup>5</sup> partnering farms (one sample per pilot country, 593 farms in total). These samples were determined according to the *Lactalis Farm Sampling Methodology* set up with the help of experts from Wageningen University & Research. This sampling methodology is based on a confidence interval of 95% and a margin of error of 10% to 15% (depending on the countries). In the end, the averages at Group-level reported in this document (weighted averages from the data collected in the 8 Pilot countries) are estimations considered as representative of the direct volumes of the 8 Pilot countries with a confidence interval of 95% and a margin of error of 11%.

(1) Whole raw eggs with the shell unbroken

(2) Processed and convenience forms of eggs, including liquid, frozen, dried and pre-cooked products

(3) A volume of collected raw milk is considered as "direct" when coming from a "direct" farm (cf. footnote 5)

(4) 2021 figures

Specifically, the data collection took place during 2021 through on-farm assessments. We used an internal assessment method inspired from recognised assessment protocols and programs such as Welfare Quality Assessment Protocol for cattle, Red Tractor Assurance scheme from the United Kingdom, ClassyFarm system from Italy, Bovowell from France and the FARM Animal Care Program from the United States. These assessments were performed either by Lactalis dairy technicians or by trained external service providers. Each on-farm assessment lasted about 2 to 3 hours and was based on approximately 125 data points. It included measurable criteria assessing the respect of the “Five Freedoms” for animal welfare. This internal method has been presented and discussed with an NGO specialised in animal welfare topics.

## Shell eggs and egg products (laying hens)

The scope of the reporting on shell eggs and egg products is global, including a dedicated part for the European Union.

The reporting is based on actual 2021 data (from our purchasing departments).

## 02

### 2021 initial performances and discussions

# 02. 2021 INITIAL PERFORMANCES AND DISCUSSIONS

## Raw milk (dairy cows and calves)

As a first step on raw milk from cows, at Lactalis, we are committed to focusing our efforts regarding animal welfare on the direct volumes we collect in 8 Pilot countries and, more precisely, on 10 sensitive topics.

Our performances on these 10 sensitive topics are reported and analysed in the table below. All the key performance indicators (KPI) reported in this table are presented as percentages of the total direct volume of raw milk collected by Lactalis in the 8 Pilot countries. It is reminded that behind these Group-level performances, there can be significant variations within and between countries.

In addition to the following table, our performances on all animal welfare topics on raw milk from cows are reported in the Appendix 2 of this document.

(5) A Farm supplying raw milk to Lactalis is considered as “direct” if a) There is an individual contract between Lactalis and the Farm Manager and/or b) Lactalis can propose to the Farm Manager, individually, a plan to improve his Farming practices without having obtained a prior formal agreement from a third party (e.g. a cooperative). Otherwise, the farm is considered as “indirect”.

## 02

### 2021 initial performances and discussions

Reminder: our commitments and positions (and related scopes)		Our performances (2021)				Explanations & analyses
		Key performance indicators (KPI)	Unit	Optimal values	2021 values	
<b>Tethering</b>						
<b>Lactalis encourages loose housing systems and is committed to raising farmers' awareness not to build new tie-stall barns</b>	All 8 Pilot countries	Percentage of direct volume coming from farms where lactating cows are free from tethering	%	100%	<b>97%</b>	Traditional tie-stall systems are still in place in some regions of the world, especially in mountain areas where it can be challenging for farmers to switch to loose housing systems (regarding existing buildings, land availability, needs for investments, etc.). While taking care of potential social and rural impacts, Lactalis will continue raising farmers' awareness on this topic, in particular during the On-farm assessments we aim to perform on all our partnering farms.
<b>Bedding space</b>						
<b>Farms supplying milk to Lactalis should provide cows with satisfying bedding space<sup>6</sup></b>	All 8 Pilot countries	Among direct volume coming from farms where lactating cows are housed and not tethered (loose housing and free-stall systems) <sup>7</sup> , percentage of volume coming from farms where lactating cows have a satisfying bedding space	%	100%	<b>70%</b>	In some countries, national recommendations on this topic are less ambitious than Lactalis' recommendations (for example, 100 cubicles for 110 cows). Therefore, Lactalis must now communicate more widely on its recommendations and convince farmers of the benefits.  We are deeply convinced that our dairy technicians, whose daily work includes providing technical support to farmers, have a key role to play on this topic. That's why we are planning to provide all of them with an enhanced and standardised training on animal welfare (via the CowSignals® Training Company) by the end of 2023.

(6) See details after the table

(7) Percentage of direct volume coming from partnering farms where lactating cows are housed and not tethered: 79% (scope: all 8 Pilot countries)

## 02

### 2021 initial performances and discussions

Calves in groups						
<b>Lactalis promotes group housing for calves from 4 weeks of age</b>	All 8 Pilot countries	Among direct volume coming from farms rearing calves, percentage of volume coming from farms rearing calves in groups from at least 4 weeks of age	%	100%	<b>54%</b>	<i>Same analyses as for Bedding space above.</i>
<b>In European Union Countries*, the UK*, Australia and Brazil, all dairy calves within Lactalis supply chain must be reared in groups from at least 8 weeks of age</b> <i>*According to local regulations</i>	Belgium, France, Italy, Spain, UK, Australia, Brazil	Among direct volume coming from farms rearing calves, percentage of volume coming from farms rearing calves in groups from at least 8 weeks of age	%	100%	<b>91%</b>	In EU countries, a few Lactalis' partnering farms were identified as not complying with applicable regulations. As a first step, a reminder has been addressed to the farm managers.  In Brazil, we have faced some data collection issues that may have led to an underestimation of the number of farms rearing calves in groups from at least 8 weeks of age. 2022 assessments will clarify this point.
Access to pasture						
<b>Lactalis endorses pasture grazing for dairy cows wherever appropriate</b>	All 8 Pilot countries	Percentage of direct volume coming from farms where lactating cows have access to pasture at least 120 days per year (at least 6 hours per day)	%	/	<b>62%</b>	In some milk production systems, grazing is limited due to low pasture availability or very wet or cold weather conditions.
Effective species-specific environmental enrichment						
<b>Lactalis encourages partnering farms to implement enrichment tools to give animals the opportunity to express their natural behaviours</b>	All 8 Pilot countries	Among direct volume coming from farms where lactating cows are housed <sup>(8)</sup> , percentage of volume coming from farms where lactating cows have access to effective species-specific environmental enrichment (access to an outdoor loafing area at all time and/or to cow brushes)	%	100%	<b>55%</b> <sup>(9)</sup>	In some countries, cow brushes are not common and their benefits seem not to have been widely communicated to farmers yet. Lactalis will continue raising farmers' awareness on it, in particularly during the On-farm assessments we aim to perform on all our partnering farms.

(8) Percentage of direct volume coming from farms where lactating cows are housed: 81% (scope: 8 Pilot countries except UK)

(9) UK is not included in 2021 value (data not available for technical reason)

Growth hormones						
<p><b>In European Union Countries*, the UK*, Australia and the USA, growth hormones are not permitted within Lactalis supply chain</b></p> <p><i>*According to local regulations</i></p>	<p>Belgium, France, Italy, Spain, UK, Australia, USA</p>	<p>Percentage of direct volume coming from farms not using growth promoting substances on lactating cows (including, among others, rBST, oxytocin and antibiotics at low dose in the feed)</p>	<p>%</p>	<p>100%</p>	<p><b>99%</b></p>	<p>In Australia, 1 farm was identified as using antibiotics at low dose in the feed. The farm manager has been reminded that it is against Lactalis' expectations.</p> <p>In Spain, the data collected suggest that, on 1 farm, oxytocin is used to increase milk production. However, it is probably due to a data collection issue. 2022 assessments will clarify this point.</p>
<p><b>In Brazil, Lactalis is committed to eliminate artificial growth hormones (rBST) by 2030</b></p>	<p>Brazil</p>				<p><b>38%</b></p>	<p>Use of growth hormones is common in Brazil. Lactalis has just started a long journey to encourage and support farmers to eliminate this practice. As a first step, our local team is preparing a guide to raise farmers' awareness as well as performing training sessions (400 farmers should be trained by the end of 2022).</p>
Antibiotics						
<p><b>Lactalis aims to fight against antimicrobial resistance and supports partnering farms to reduce prophylactic use of antibiotics</b></p>	<p>All 8 Pilot countries</p>	<p>Percentage of direct volume coming from farms not using antibiotics for prophylactic use on cows (i.e. in a preventive way)</p>	<p>%</p>	<p>100%</p>	<p><b>30%</b></p>	<p>Most of our partnering farms using antibiotics for prophylactic use on cows do it at the time of drying off only (97%). Indeed, it is a common practice to use antibiotics at this moment where there is a high risk that cows will develop mastitis. To avoid antibiotic resistance that creates issues for both animal and human health, Lactalis recommends their farmers to implement selective dry cow treatment (only cows having high level of somatic cell counts should be given antibiotics).</p>
<p><b>In European Union Countries, according to local regulations, prophylactic use of antibiotics will be prohibited from 2022 (except in certain exceptional cases as described in the regulations)</b></p>	<p>Belgium, France, Italy, Spain, UK</p>				<p><b>38%</b></p>	<p>In particular in EU countries and UK, the same analysis as the one at Group level (see above) applies. However, Lactalis aims to work faster with its partnering farms in these countries as regulations are increasing on this topic.</p>

Disbudding / dehorning						
<p><b>Lactalis promotes recognised best practices for disbudding (including before 8 weeks of age)<sup>10</sup>. More precisely, Lactalis will eliminate routine dehorning (after 8 weeks of age) by 2025*</b></p> <p><i>*2026 for the last farms who will be assessed in 2025</i></p>	All 8 Pilot countries	<p>Among direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm"<sup>11</sup>, percentage of volume coming from farms practicing disbudding before 8 weeks <b>(i.e. not practicing routine dehorning)</b></p>	%	100%	<b>90%</b>	Same analyses as for Bedding space above.
		<p>Among direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm", percentage of volume coming from farms practicing <b>disbudding according to recognised best practices</b></p>	%	100%	<b>23%</b> <sup>12</sup>	
Tail docking						
<p><b>Practicing routine tail docking is not permitted within Lactalis supply chain</b></p>	All 8 Pilot countries	<p>Percentage of direct volume coming from farms where less than 15% of dairy animals are tail docked</p>	%	100%	<b>97%</b>	<p>8 farms out of the 593 assessed were identified with at least 15% of dairy animals being tail docked. The farm managers have been reminded that it is against Lactalis' expectations.</p> <p>Moreover, we have decided to improve our assessment method for year 2022 in order to identify specifically farms currently performing tail docking. Indeed, it is likely that some farms accounted for in year 2021 do not perform tail docking anymore (while they still have some animals tail-docked – the practice being performed in the past).</p>

(10) See details after the table

(11) Percentage of direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm": 94% (scope: all 8 Pilot countries)

(12) UK is not included in 2021 value (data not available for technical reason)

Animal derived proteins in feed						
<p><b>All Lactalis partnering farms must be in compliance with national regulations regarding the use of animal derived proteins in dairy animal feed. In European Union Countries and Australia, according to local regulations, this practice is strictly forbidden for ruminants</b></p>	<p>All 8 Pilot countries</p>	<p>Percentage of direct volume coming from farms not feeding dairy animals with animal derived proteins</p>	<p>%</p>	<p>100%</p>	<p><b>99%</b></p>	<p>The geographical areas have different laws on the prohibition of feeding dairy animals with animal derived proteins, which differ in the list of exceptions. To date, all the farms accounted as using feed with animal derived proteins comply with local regulation. For year 2022, we have decided to improve our assessment method in order to focus on compliance with local regulations.</p>

## DEFINITIONS :

### • Satisfying bedding space for lactating cows

Lactating cows have a satisfying bedding space when there is at least:

- In loose housing system with loafing area integrated: 10 m<sup>2</sup> per large-sized\* cow or 7.5 m<sup>2</sup> per small-sized\* cow
- In loose housing system with distinct loafing area: 7 m<sup>2</sup> per large-sized\* cow or 5.5 m<sup>2</sup> per small-sized\* cow
- In free-stall system: 1 stall per cow

*\*Large-sized cow: average live weight of cows ≥ 600 kg*

*Small-sized cow: average live weight of cows < 600 kg*

### • Recognised best practices for disbudding

The 3 following situations (method + age of the calves + analgesic and/or anaesthetic) are considered as "recognised best practices for disbudding":

- Chemical disbudding before 2 weeks with analgesic and/or anaesthetic
- Thermal disbudding before 4 weeks with analgesic and/or anaesthetic
- Thermal disbudding between 4 and 8 weeks with analgesic and anaesthetic



02

2021 initial  
performances  
and discussions

## Shell eggs and egg products (laying hens)

Reminder: our commitments and positions (and related scopes)		Our performances (2021)				Explanations & analyses
		Key performance indicators (KPI)	Unit	Optimal values	2021 values	
Lactalis is committed to phasing out the purchase of shell eggs and egg products from caged systems (also known as “Code 3”) by the end of 2021	EU	Percentage of shell eggs from cage-free systems in our supply chain	%	100%	<b>96.29%</b>	The Lactalis purchasing teams have engaged dialogue with suppliers to switch volumes towards cage-free systems. In some countries, availabilities still need to be confirmed and worked out with suppliers.
		Percentage of egg products from cage-free systems in our supply chain	%	100%	<b>99.31%</b>	
Lactalis is committed to phasing out the purchase of shell eggs and egg products from caged systems (also known as “Code 3”) by the end of 2025	Global	Percentage of shell eggs from cage-free systems in our supply chain	%	100%	<b>96.29%</b>	
		Percentage of egg products from cage-free systems in our supply chain	%	100%	<b>91.62%</b>	

# APPENDIX 1: OUR SCOPE ON RAW MILK FROM COWS

		Volume of raw milk collected by Lactalis, 2021 (billion litres)	Estimated number of partnering farms* (thousand)	Estimated number of dairy cows* (million)
Worldwide (49 countries)		21.6	454.5	3.8
Direct volumes in 8 Pilot countries	Values	9.7	19.9	1.3 (+ 0.9 dairy calves)
	% of Worldwide	44%	4%	26%

\*Number of partnering farms and number of dairy cows (and dairy calves) have been estimated, country by country, on the basis of "Volumes of raw milk collected by Lactalis, 2021" and:

- For the 8 Pilot Countries (Australia, Belgium, Brazil, France, Italy, Spain, the United Kingdom and the United States of America): data collected in 2021 on representative samples of Lactalis' direct partnering farms (one sample per pilot country)
- For the other countries: average 2020 data from IFCN<sup>13</sup>

(13) Hemme (ed.) 2021: IFCN Dairy Report 2021, IFCN, Kiel, Germany.

# APPENDIX 2: FULL REPORTING ON ANIMAL WELFARE FOR RAW MILK FROM COWS (SCOPE: 8 PILOT COUNTRIES)

Animal welfare topics	Key performance indicators (KPI)	Unit	Optimal values	2021 values
<b>Freedom from hunger, malnutrition and thirst</b>				
Body condition	Percentage of direct volume coming from farms where more than 10% of lactating cows are very skinny (body condition score < 2)	%	0%	<b>1%</b>
Access to water	Percentage of direct volume coming from farms where lactating cows have a satisfying access to water (2 water troughs per area, 6 cm linear access at water trough per cow and water troughs are clean)	%	100%	<b>59%</b>
<b>Freedom from heat stress or physical discomfort</b>				
Cleanliness condition	Percentage of direct volume coming from farms where more than 10% of lactating cows have an unsatisfying cleanliness condition (cleanliness score)	%	0%	<b>22%</b>
Tethering	Percentage of direct volume coming from farms where lactating cows are free from tethering	%	100%	<b>97%</b>
Access to pasture and/or to an outdoor loafing area	Percentage of direct volume coming from farms where lactating cows have access to pasture at least 120 days per year (at least 6 hours per day)	%	/	<b>62%</b>
	Among direct volume coming from partnering farms where lactating cows do not have access to pasture at least 120 days per year, percentage of volume coming from farms where cows have access to an outdoor loafing area at all time	%	100%	<b>23%</b>
Bedding space	Among direct volume coming from farms where lactating cows are housed and not tethered (loose housing and free-stall systems), percentage of volume coming from farms where lactating cows have a satisfying bedding space <sup>14</sup>	%	100%	<b>70%</b>
<b>Freedom from pain, injury and disease</b>				
Lameness	Percentage of direct volume coming from farms where more than 5% of lactating cows have severe lameness	%	0%	<b>9%</b>
Integument alterations	Percentage of direct volume coming from farms where more than 10% of lactating cows have integument alterations (hairless patches, lesions or swellings)	%	0%	<b>16%</b>
Udder health	Percentage of direct volume coming from farms with a worrying udder health level (geometric average at farm level > 250,000 cells/ml)	%	0%	<b>37%</b>

(14) See details above

Animal welfare topics	Key performance indicators (KPI)	Unit	Optimal values	2021 values
Mortality	Percentage of direct volume coming from farms where the cow mortality rate is above 3.5%	%	0%	<b>42%</b>
Disbudding / dehorning	Percentage of direct volume coming from partnering farms with disbudded / dehorned dairy animals	%	/	<b>96%</b>
	Among direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm", percentage of volume coming from farms practicing disbudding before 8 weeks (i.e. not practicing routine dehorning)	%	100%	<b>90%</b>
	Among direct volume coming from farms practicing disbudding / dehorning of dairy animals "on-farm", percentage of volume coming from farms practicing disbudding according to recognised best practices <sup>15</sup>	%	100%	<b>23%<sup>16</sup></b>
Tail docking	Percentage of direct volume coming from farms where less than 15% of dairy animals are tail docked	%	100%	<b>97%</b>
Growth promoting substances	Percentage of direct volume coming from farms not using growth promoting substances on lactating cows (including, among others, rBST, oxytocin and antibiotics at low dose in the feed)	%	100%	<b>93%</b>
Antibiotics for prophylactic use	Percentage of direct volume coming from farms not using antibiotics for prophylactic use on cows (i.e. in a preventive way)	%	100%	<b>30%</b>
Animal derived proteins in feed	Percentage of direct volume coming from farms not feeding dairy animals with animal derived proteins	%	100%	<b>99%</b>
<b>Freedom to express normal patterns of behaviour</b>				
Non-housing systems	Percentage of direct volume coming from partnering farms where lactating cows are never housed	%	/	<b>19%</b>
Access to pasture	<i>See above</i>			
Effective species-specific environmental enrichment	Among direct volume coming from farms where lactating cows are housed, percentage of volume coming from farms where lactating cows have access to effective species-specific environmental enrichment (access to an outdoor loafing area at all time and/or to cow brushes)	%	100%	<b>55%<sup>16</sup></b>
<b>Freedom from fear and distress</b>				
Human avoidance	Percentage of direct volume coming from farms where more than 30% of lactating cows show sign of human avoidance	%	0%	<b>2%<sup>16</sup></b>

(15) See details above

(16) UK is not included in 2021 value (data not available for technical reason)


Animal welfare topics	Key performance indicators (KPI)	Unit	Optimal values	2021 values
<b>Calves</b>				
Colostrum intake	Percentage of direct volume coming from farms giving colostrum to the calves during the first 6 hours	%	100%	<b>98%</b>
Fibres intake	Among direct volume coming from farms rearing calves, percentage of volume coming from farms giving ad libitum fibres (hay or straw) to the calves from at least 2 weeks of age	%	100%	<b>89%</b>
Space allowance	Percentage of direct volume coming from farms where calves have a satisfying space (criteria depending on the age) <sup>17</sup>	%	100%	<b>98%</b>
Rearing in groups	Among direct volume coming from farms rearing calves, percentage of volume coming from farms rearing calves in groups from at least 8 weeks of age	%	100%	<b>91%</b>
	Among direct volume coming from farms rearing calves, percentage of volume coming from farms rearing calves in groups from at least 4 weeks of age	%	100%	<b>54%</b>

(17) Satisfying space for calves:  
- Calf weighing less than 150 kg: 1,5 m<sup>2</sup>/calf  
- Calf weighing between 150 and 219 kg: 1,7 m<sup>2</sup>/calf  
- Calf weighing 220 kg or more: 1,8 m<sup>2</sup>/calf



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*The targets, associated timelines and scopes mentioned in this document reflect current assumptions. Acquisitions, regulatory changes or other factors may have a major impact on these assumptions. In such cases, Lactalis Group reserves the possibility to review and adjust them accordingly.*

*The version of this document available on the Lactalis Group website shall prevail.*